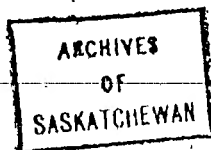


Liberal Party (Sask.)
#60

Scott
Papers



C.P.R. TAX EXEMPTIONS

C.P.R. TAX EXEMPTIONS

Walter Scott Fought for the Abrogation of These Unjust Exemptions Enacted by the Conservatives in 1881.

The Conservatives in Parliament in 1905 Opposed Mr. Scott's Efforts, and Mr. Haultain Remained Absolutely Silent on this Subject.

Mr. Haultain's Letter of Protest Complained Against the Boundary Lines and Nearly Everything, But Not a Word About These Privileges of His Allies, the C.P.R. Company.

On the Second Reading

On March 31, 1905, in the debate on the second reading of the Autonomy Bill.

WALTER SCOTT said regarding C. P.R. exemptions—Mr. Speaker, there are a number of important details embodied in this provincial autonomy proposal; and different items in this collection of details gave different members who felt the seriousness of the proposals different difficulties. My hon. friend from Brandon (Mr. Sifton) explained to the House a week ago tonight that the school phase of the matter constituted the most serious difficulty for him. I have to confess that another detail constituted a very serious difficulty for me. That was with regard to the Canadian Pacific Railway tax exemption embodied in section 23 of the Bills. This is one feature in these provincial establishment proposals with regard to which I think that less than justice has been meted out to the people of those new provinces. As a matter of fact, as the Prime Minister can testify, and as my fellow Liberal members from the Northwest Territories know, in my opinion the unsettled position of that tax exemption matter was a sufficient reason to justify further delay in granting autonomy to the Territories; and if fact, protest or influence of mine could have prevented the preparation and presentation of these Bills, the Bills would not be before the House. But when I found this Dominion government unanimously, together with the Northwest Government and a

majority of the Northwest members, all determined to proceed now, I had come to a decision which would either prevent me from exercising any influence in the details of autonomy or agree to forego my own opinion on the point, agree to action now, and take my part in obtaining a settlement of terms and conditions according to the wishes of the electors whom I represent. Even now, were I not satisfied that the financial terms as a whole are so ample and generous as to offset in a great measure the financial handicap meant by the exemption feature, I should deem it my duty to myself and the Northwest Territories to oppose the Bills. I may say further that the overturning by the Supreme Court of the decision given by the Manitoba Court in 1903, does not seriously lessen the force of the position I held against creating these provinces at present, and my reluctance is also relieved in some degree by the intimation given by the premier of probable action in the future by this government towards removing the incubus of the exemptions. The mention in the Bills of specific compensation to the provinces on account of the exemptions was deemed unwise for the reason that such mention might complicate such action at a future day. While voting for the Bills, I hold myself free to perhaps move an amendment in some direction in committee to section 23.

IN COMMITTEE OF THE WHOLE STAGE

When the committee stage was reached, Mr. SCOTT moved an amendment. (See Third Reading.) The Conservatives opposed the amendment, and the Government made little comment beyond indicating their belief that it was unnecessary.

Third Reading of Alberta Bill

When on the afternoon of the 5th July the Prime Minister moved formally the Third Reading of the Bill (No. 69) to establish and provide for the government of the Province of Alberta,

WALTER SCOTT (West Assinibola) arose and said: "Before this Bill finally passes I wish to refer at some length to a very important matter of detail, namely, the Canadian Pacific Railway exemption. In committee upon this Bill I proposed an amendment to Section 23 and my amendment was as follows:

'Provided that the foregoing shall not prejudice the right of the Parliament of Canada, by expropriation or otherwise, to obtain the relinquishment by the said Company of the Company's rights under Section 16 of the contract aforesaid.'

I am sorry to say that in Committee of the Whole my proposition received very scant attention. The failure of hon. gentlemen opposite to give more attention to it would have been a matter of surprise if anyone really thought these hon. gentlemen were sincere in the talk they have been indulging in for the past five months with regard to provincial autonomy. On the question of education, they have been disturbing the whole of Canada with the exception of the Northwest Territories. They failed, however, to disturb the people of the Territories on the matter of education, because, upon that subject they have been seeking to create a disturbance about practically nothing. As a representative of the Territories, I tell them here and now that the Bills creating the new provinces are granting to these provinces, in relation to education, all the freedom they desire. The Bills leave the provinces free to do exactly as they please in that matter. The Bills leave them free to retain their existing admirable school system, and I think the House and

country have been given the most ample proofs that what the people of the Territories desire to do is to retain and maintain their present school system. Anyone who is seriously concerned in the question of provincial rights should devote his attention rather to section 23, which concerns the matter of tax exemptions than to section 16 regarding education. In the matter of tax exemptions involved in section 2, the provinces are not left free. If the school districts and municipalities and legislatures were left free to tax the Canadian Pacific Railway, they would, without doubt, use that freedom. The failure of Members on this side and Members of the Government to support my proposed amendment was to me a matter both of surprise and regret. In any case I had the right to expect from the Government at least a moment's consideration of the proposal and a statement of their reasons for rejecting it, if any good reason exists. The extremely casual way in which my amendment was rejected in committee may have been due to my own failure to make sufficiently plain my position in the matter, the intrinsic importance of the subject, and why the amendment ought to be adopted. If I fail to make these points plain now it will not be my fault. To make my meaning plain, I must refer to the autonomy question in a general way. Prior to my first coming to this House in 1901, I was an advocate for immediate autonomy for the Territories. In 1901 and 1902, I urged my opinions in that direction strongly in this House. In March, 1903, the Manitoba Court gave a judgment on certain test tax cases, to which I shall refer later. That judgment was such as to lead me to revise my views as to the desirability of the Territories immediately obtaining autonomy. The Ottawa correspondent of the Winnipeg 'Free Press' obtained interviews upon that judgment from most of the Northwest

Members. In my statement to the correspondent, I said:

As a North-West citizen I was disappointed last year when autonomy was not granted, but to-day I am exceedingly thankful that parliament then found it inexpedient to grant our demands. We will now wish for no constitutional change until judgment on the contention raised by Mr. Howell has been obtained from the Privy Council, and if the judgment of the Manitoba Court is upheld, then the Northwest, before becoming a province, will have a very important arrangement to be arrived at with the Canadian Pacific Railway relating to this matter of exemption from taxation.

Towards the end of the 1903 session the House was called upon to vote on a motion presented by the leader of the Opposition relating to autonomy, and one of the reasons I advanced for voting against that motion I stated as follows, as will be seen on referring to the "Hansard" of 1903, page 18931:

"Let me say, in conclusion, that in face of the position of this Canadian Pacific Railway tax matter, in view of the millions of acres of land that are involved, of the millions in value of railway property of the company that are involved, it appears to me that the people of the Northwest would be simply crazy at present to accept autonomy unless driven to it as a last resort and we are not driven to the last resort this year because our immediate financial needs are well met; the lack of borrowing power is remedied by the capital advance method; and little room for complaint is left us as regards railways. Such being the case, I certainly approve of delay until all doubts of the Canadian Pacific Railway tax question is removed. I hope this doubt will not exist very long. I hope the case will soon be settled by a judgment of the Privy Council. Possibly it may be too much to hope that it may be settled before next year, because the law courts move slowly. But the position I take is that the Government should obtain from the Privy Council a final decision upon this Canadian Pacific Railway tax exemption, and that as soon as it is obtained, the people of the Northwest should be granted provincial autonomy."

The view thus expressed in the newspapers and in the House I also expressed very distinctly to my electors in West Assinibola, particularly during the election contest last autumn, and I have every reason to believe that the majority of the electors of West Assinibola concurred in this view. I declared explicitly in the contest that I should oppose any constitutional change until the tax exemption matter became more clear, and until the people of the Northwest learned definitely that they would not as provinces stand in danger of the burden of that perpetual limitation upon their taxing power which was imposed upon the added portion of the province of Manitoba, in 1881. The situation in January last when the autonomy negotiations opened was that no final judgment had been obtained. It is true that, since January, the Supreme Court of Canada has given judgment overturning the Manitoba Court's decision of March, 1903. But, until the case has been carried to the Privy Council and judgment obtained there, the matter cannot be considered as finally settled. I need not repeat to the House that in January last I was opposed to proceeding with the autonomy measures.

Now, I shall explain briefly the reason why the Manitoba court judgment led me to revise my view on the question of autonomy. The Northwest test case was that of a school district, the Springdale school district. It was not a case brought by a municipality, nor a case directly raising the question of the powers of the local legislature to levy a tax upon the company. The case was taken for the purpose of obtaining an interpretation of the disputed question of the twenty years' land tax exemption, without reference to the roadway. But, the arguments made by the Government's counsel, Mr. Howell, of Winnipeg, were such that, if concurred in by the court as was the case in the Manitoba Court, they necessarily applied as well to the feature of the exemptions relating to the roadway. Mr. Howell raised the contention that a tax levied by any body or power within these Territories did not come within the class of taxes from which the Canadian Pacific Railway Company were exempted by the contract, these classes of taxes being such as might be levied by the Dominion, by any province hereafter established, or by any municipi-

ality therein.' In other words the contention was that, as long as we remained Territories, the Canadian Pacific Railway had no right to exemption from taxation in the Northwest, either on lands or on roadbed; and that it was not until the Northwest was created a province that any exemption rights became existent. The contention was a new one. Until it was raised by Mr. Howell, no one ever thought of questioning the company's right to freedom from taxation on the roadway or freedom for at least twenty years on the land. Let me quote from Chief Justice Killam's judgment to show that the judgment meant just what I have stated:

"The case from the Northwest Territories raised another question. Does the exemption apply to the enactments of the Legislature of the Northwest Territories or to the taxation by subordinate bodies created by that Legislature? Evidently these words—'taxation by the Dominion'—did not mean taxation by any government or authority in the Dominion having the power of levying taxes. Taxation by a province or by a municipal corporation was recognized as something different from taxation by the Dominion. In my opinion the expression 'taxation by the Dominion' did not, either from the import of the words themselves or by reference to other portions of the clause or the contract, include taxation by the Government of the Territories or any body to be established by it, within its then powers."

I repeat that when I became aware of the purport of that judgment I at once made up my mind that the Northwest had better accept no constitutional change until we had ascertained finally whether Chief Justice Killam's view was the right one, because, in my opinion, any loss to be occasioned by delay of two or three years in gaining autonomy would be light and temporary in comparison with the permanent loss to the province involved in the perpetual inability to tax the C.P.R. roadbed. If the Privy Council were to uphold the Manitoba judgment, and if it were finally found that the C.P.R. must pay taxes as long as we remained Territories, it needs no argument to

show that to obtain prior relinquishment by the company of the exemption rights that would otherwise become effective with the erection of provinces would be a comparatively easy task.

I now ask the House to consider the intrinsic merits of this question. There is a railway mileage involved in the two provinces of 750 miles, with six divisional points. Assume that this has a taxable value of \$100,000 for each three miles—and it is stocked and bonded for \$193,500 for each three miles—and you have a total taxable value of \$25,000,000 to-day. A tax of 5 mills on the dollar—which is only one-half of one per cent.—would amount to \$125,000 per annum. But it is not particularly for to-day or for the immediate future that we are concerned. To-day it is the custom at least in the newer parts of the country, to give aid to railways, rather than to levy taxation upon them. It is to the future that we have to look. If that property is worth \$25,000,000 to-day, it will be worth—everybody will admit—some day \$100,000,000. While it is not our policy to tax railways to-day, yet when more stable conditions come and the country is more fully developed it will be fair that railway properties, equally with all other properties, shall contribute towards the cost of school, municipal and general government. I say that the loss involved to these two new provinces, if they should be subjected to perpetual inability to tax this property, is a loss simply beyond calculation. The exemption of the land is the least momentous, because it is only temporary, but it is still serious enough. I will give the House figures showing the lands that the company owns at present in the Territories. The company has earned land grants as follows:

	Acres.
Main line construction	18,206,986
Souris branch	1,408,704
Pipestone extension	200,320
Manitoba and Southwestern colonization lines	1,396,800
On account of Gr. N. W. Central Railway	320,000
Total	21,532,810
Total taken in Manitoba....	2,720,300
Total taken or to be taken in N. W. T.	18,812,510

The Company has made sales up to date of approximately 10,000,000 acres—for about \$33,500,000 I may say—of which as nearly as can be learned upwards of 7,500,000 acres were out of the lands in the new provinces, leaving roughly 11,300,000 acres still owned by the Company in the Northwest, or about 70,500 quarter sections, which, if taxed at \$10 per quarter section, would yield annually \$705,000. Now you may cut my calculation in two, and still you have a very large amount. You will still find that by this exemption at this moment you are leaving each province shorn of a resource of a value about equal to what you are going to pay each province in lieu of its public domain. Instead of attempting myself to characterise in fitting language what has been very properly termed the incubus of these exemptions, I am going to ask the House to listen to words far more forcible than any which I could utter, which were spoken in this chamber some twenty-five years ago. They should appeal especially to hon. members on this side of the House. The experience, the bitter experience, of twenty-five years, has shown the truth of every one of these words. I shall quote the words of Hon. Edward Blake, spoken in this chamber on December 15th, 1880, and to be found in 'Hansard', 1880-1, page 97. Mr. Blake was referring to the Canadian Pacific Railway contract and particularly this exemption feature:

(Mr Scott quoted at length from the 1880-1 debates the strong condemnation of the tax exemption feature of the C. P. R. contract uttered by Blake, Cameron, John Charlton, and other Liberal leaders.)

It is 25 years ago that these words were uttered in this House with rare prophetic insight. I have quoted them here to establish my proposition that section 23 involves a limitation upon provincial autonomy of no trivial character. I trust that I have said enough now to show the House clearly my own position in the matter of its relation to the Autonomy Bills and as well the intrinsic importance of the subject. I propose next to show particularly why I think my amendment should be adopted. Probably it is not necessary for me at this stage to say that I am not proposing repudiation. I am not proposing to take away from the company any of its contract rights. I stand in that regard just as my hon.

friend from Qu'Appelle (Mr. Lake), who, when referring to this subject some weeks ago, said that no right-thinking person would propose to deprive this Company of any rights which the Parliament and people of Canada 25 years ago, with their eyes open, gave to them. I admit, as any right-thinking person must admit, that the contract must be respected. But I ask, whose was the contract? Was it not a contract made between the Dominion of Canada and the Company? The Canadian Pacific Railway was, and is, a federal undertaking. These exemptions were and are a part of the cost of the undertaking. Then, why shift part of such cost price upon these new provinces more than upon the province of Nova Scotia or any of the other provinces of the Dominion? The new provinces are, without these exceptions, bearing their fair share of the undertaking with the other provinces of Canada. Then why place them under a double burden? Let me quote a little further from the debates of 1880, when the contract was first before Parliament. I quote from a gentleman who is fairly well known and respected throughout the Dominion of Canada, the Hon. Geo. W. Ross, who was a member of this House in 1881. He spoke as follows:

"What does it mean? It means that the people of the Northwest as far as the railway company is concerned, must tax themselves extra to the extent from which the Company is relieved in order to procure such advantages as schools, highways, sidewalks and other advantages of civilisation.

There is another grievance to which I must refer, and that is when a new province is erected and we come to confer upon it those advantages which it can claim under our confederation, we will be bound to consider the exemption from taxation of the lands and property of this Company; this will mean that the whole Dominion must be taxed in order to provide a larger subsidy for the maintenance of local institutions of such new province or provinces. We pay Manitoba already 80 cents a head and several other perquisites. If we handed over to Manitoba her wild lands the subsidy to that province from the exchequer would

not need to be so large. When we come to form a province in the Northwest and when the people come to find that the public lands are exempt from taxation with all the railway company's property, and that all the means for maintaining the municipal institutions in that province are closed against them, they will say: 'If we are going to be erected into a provincial government we must obtain a larger subsidy from the Dominion exchequer because we have not the advantages of taxation which other provinces have.'

Mr. TAYLOR.—Will the hon. gentleman allow me to ask him a question?

Mr. SCOTT.—Certainly.

Mr. TAYLOR.—Is the hon. gentleman aware that the Hon. Geo. W. Ross withdrew that and every other statement that he made opposing the building of the C. P. R. in a public speech that he made a few years ago? He said that he had opposed it at every stage, but that he took it all back, that he approved of the bargain and contract with the C. P. R., saying that the C. P. R. had built up the great Northwest, that without it our country would have been practically nothing, and that he withdrew every statement that he ever made.

Mr. SCOTT.—If my hon. friend will have the patience to listen to the whole of the extract from Mr. Ross' speech that I am reading—

Mr. TAYLOR.—I heard it in the House when it was made.

Mr. SCOTT.—I am certain he will not find a single word of opposition to the C. P. R. in it.

Mr. TAYLOR.—He opposed it, as Mr. Blake and every other Liberal did.

Mr. SCOTT.—Let the hon. gentleman point out one single word of this extract which means opposition to the C. P. R.

"For instance, if one-quarter of Ontario or Quebec were exempted from taxation, in what position would they be? Evidently, in order to maintain prosperity they would have to draw freely from the exchequer of this Dominion, and the whole Dominion, from Vancouver's Island to Halifax, will need to be more largely taxed because of the exemption we are now considering under this contract."

Is there a word involving opposition to the building of a railway in that? Not a word. The Liberal party of that day were not opposing the building of the Canadian Pacific Railway. On the contrary the Liberal party, when in power in the seventies, were undertaking the building of that railway. I cannot conceive what my hon. friend is referring to. There is nothing I can find in Mr. Ross' words which involves any opposition to the principle of the undertaking, but the Liberal party of that day as a unit stood in opposition to some of the iniquitous features of this contract, and particularly to the one which is going to place a limitation upon the provincial rights of the people of Alberta and Saskatchewan. Geo. W. Ross, 25 years ago when that contract was being debated, recognised and admitted that it was a federal undertaking, the cost of which ought to be borne by the Dominion. When the Dominion makes a payment every province contributes its equal share. If these provinces are left under these particular exemptions you are placing a double burden upon them—they are paying equally with the other provinces the money subsidies and the price of the \$37,000,000 worth of completed road that was given the company—they pay almost the whole of the land subsidy—they bear equally with you the loss involved in the exemption from taxation by the Dominion—and in addition to their full and equal share of the whole cost and burden, you leave them to bear alone a substantial piece of the cost of this federal undertaking beyond that share which the other provinces are carrying. Is there any fairness in that?

Look at it closely. The \$25,000,000 cash subsidy to the Company is looked on as a heavy charge to Canada. What is it actually? Three per cent. on \$25,000,000 is \$750,000 a year. If my calculations are correct, the provincial tax exemptions will cost these two provinces easily as much. What, then, are you doing? You are asking these two provinces to bear alone a portion of the cost of the C. P. R. equal to the item of cost which the whole of Canada bears by its \$25,000,000 cash subsidy. I ask again, is there any fairness in that? Mr. Ross saw, in 1881, if the exemptions were made an item of the contract, that when provinces were created it would be improper and unjust to leave them saddled with the burden of

the exemptions. Mr. Blake in 1881 declared that the people of the Northwest would be less than men if they suffered such a limitation upon their autonomy to exist. In January, 1905, when confronted with the declaration of the Government that provinces were to be erected this year, I took the position that if it was intended to leave the provinces under these exemptions, I must oppose the measures, in particular view of the possibility that by waiting for the Privy Council judgment on the test cases a comparatively easy way might be found of obtaining relinquishment by the company of the provincial exemption rights. The Prime Minister intimated to me his recognition that these exemptions, both Dominion and provincial, would have to be abrogated in the interest not alone of the provinces but of the Dominion. With that intimation that the provinces need not fear that they would be left under the exemption perpetually, I consented to take my part in discussing the autonomy terms and voted for the second reading of the Bills.

Mr. SPROULE.—If you had not got that you would have been on strike, I presume?

Mr. SCOTT.—You can have your own opinion about that. The Prime Minister has publicly repeated the assurance which he gave to me. What I ask now is that the Government and the House shall concur in that assurance in a tangible way by putting in black and white in these provincial charters the notice of intention to cancel the exemptions—a notice to all concerned, to the company, to the people of Canada, and especially to the people of the new provinces. Is it unnecessary? I say that it is no more unnecessary than your section 23. Section 23 does not say that the province cannot tax the C. P. R., road or lands. It is not section 23 of these Bills, but section 16 of the contract of 1881 which imposes the limitation. Section 23 merely states that the provinces are subject to that contract—to the degree that the contract is good or bad in legality or constitutionally, weak or strong, doubtful or perfect, to that degree the provinces are bound. If you deem it proper and imperative to give notice to the provinces that their autonomy had been invaded by a previous Parliament, then I say that it is not only equally proper, but doubly imperative if there is sincerity behind the as-

surance given by the Prime Minister, which I do not for a moment question, that you shall give notice at the same time and in the same manner that Parliament will in good time remedy that invasion, and that the provinces will not be left for ever under the unfair burden of these exemptions.

I appeal to the Liberal party on the strength of the principle of provincial rights; on the statement I made here in 1901, that entire equality as between the provinces is the only sure guarantee of the permanency of confederation; on the sound doctrine preached in this chamber 25 years ago by Blake, Cameron, Charlton, Mills, Paterson, Cartwright, Laurier, and other Liberal leaders; and particularly on the declaration made in 1881 by Hon. G. W. Ross, which I have read.

I appeal to the Conservative party in this matter because the difficulty is of their creation. It is not these Bills, it is not section 23 which limits provincial autonomy, but section 16 of the C. P. R. contract. Whatever substantial or serious lack of autonomy there is against which these provinces will have to complain; is not the deed of the Liberal party, but of the Conservative party. Let me tell my hon. friends opposite that they need not think, so far as the people of the Territories are concerned, that by raising a school question, dust or land question, they are going to hide from the people of these provinces the knowledge of the fact that it is the Conservative party that is responsible for the only material limitation upon their autonomy which is being granted by these Bills to the new provinces. In every other respect where there is a departure from the strict plan of confederation, it is a departure with which the people of the new provinces are entirely content. There is a departure with respect to representation; provision is made in these Bills for a redistribution upon a census to be taken midway between two decennial censuses, and there never has been any such provision made for any other province. That departure is in the interest of the people of these new provinces. There is a departure in connection with the debt or capital account. When I raised that question my hon. friend (Mr. Foster) took the position that it was much better in the interests of the people of these provinces that they should be put in a different position from the other

provinces with regard to their capital or debt account. For instance, several million dollars stand to the credit of Nova Scotia and New Brunswick, and it is within the power of the Governments of these provinces to withdraw that capital and use it immediately in any way they choose. But by these Bills the Governments of Alberta and Saskatchewan are not to be left at liberty to withdraw their capital; all they will be able to do is to take from year to year five per cent. interest on the capital account.

Mr. SPROULE.—Where does the hon. gentleman find authority for saying that the other provinces could withdraw their capital account?

Mr. SCOTT.—I refer my hon. friend from Grey to his friend from North Toronto (Mr. Foster), who, when we discussed this matter, stated that one of the maritime provinces had withdrawn a portion of its capital account and acted very foolishly in doing so. There is a very material divergence in these Bills from the confederation plan with regard to the lands, but my opinion is that the people of the new provinces are quite content with that. I do not think I can quote any better authority on that point than Mr. Haultain who in a formal letter to Sir Wilfrid Laurier stated he was quite willing to admit that the plan adopted in these Bills would work out more advantageously to the people of the province than had the actual confederation plan been followed. I hope I have said enough—

Some hon. MEMBERS.—Hear, hear.

Mr. SCOTT.—I hope I have said enough to convince the House—

Some hon. MEMBERS.—Hear, hear.

Mr. SCOTT.—My hon. friends opposite evidently think I have said enough, but they will have to hear some more of this and some other questions out in the new provinces. I have no doubt that these gentlemen would be pleased indeed if these questions were never heard of again either here or anywhere in the Dominion of Canada. Have I left anything to be said? I trust that I have been able to put the case in a way to prove that this is no light matter—that it is no immaterial limitation upon Northwest autonomy that is at issue—that a real and substantial matter of provincial rights is involved.

I trust that I have left no room for doubt as to my own position. On last 3rd November, in last January, on the 3rd of May, when I voted for the general principle of autonomy and for the principles bound up in the main details of the measures, I deemed myself in honor bound, and at this moment I deem myself in honor bound to oppose any autonomy scheme which will leave the Northwest provinces for ever under these exemptions. As a whole, I believe the Bills provide not only fair, but generous terms. On that account, and further because of the other vexed and complicating difficulties which have arisen and which would almost necessarily have led to a contrary vote by me being misconstrued, I have not deemed it fair or right to oppose the Bills nor to withdraw my support from the Prime Minister on the measures. But in view of the position which I held on this question before my electors, I have open to me only one alternative. If the Government and the House can see their way clear to adopt my amendment, I shall have redeemed the pledge upon which I accepted election in West Assiniboia. I therefore beg to move, seconded by Mr. Talbot, of Strathcona:

"That the words after 'Now' be left out, and the following substituted: 'That the Bill (No. 69) be referred back to the Committee of the Whole House, with instruction to add to Section 23 the following subsection:

"Provided that the foregoing shall not prejudice the right of the Parliament of Canada, by expropriation or otherwise, to obtain the relinquishment, by the said company of the company's rights under section 16 of the contract aforesaid."

SIR WILFRID LAURIER.—

It would simply complicate this bill and put a blemish on it, and the people on whose behalf my hon. friend has spoken with great effect and warmth, would not be benefited in the least. I said on a previous occasion that in this matter we are partners with the new provinces of Alberta and Saskatchewan. We are in the same boat with them. The exemptions from which they suffer this Parliament also suffers from. And our interests being common, the people of the Territories can

rely that the Canadian Government, in protecting its own interests, must likewise protect those of the new provinces which we are creating. I have only to repeat that in my opinion this is a blemish which has been placed, not only on the people of the new provinces but on the people of Canada generally, and that the time will come, I am not prepared to say when, when the Parliament of Canada must address itself to this question. Therefore, I do not see that we can accept this amendment.

Mr. R. L. BORDEN (Conservative Leader).—A two hours' speech delivered after nearly five months of debate on this Bill, and followed by a motion that had some effect or meaning, might have been excused to the hon. gentleman who has taken up the time of the House this afternoon; but inasmuch as his amendment means absolutely nothing, does not alter to the slightest extent the effect of the clause as it is at present, one can only conclude that it is a very pretty piece of by-play and comedy on the part of the hon. gentleman. Here is the clause he proposes to amend:

"The powers hereby granted to the said Province shall be exercised subject to the provisions of section 16 of the contract set forth in the schedule to Chapter 1 of the statutes of 1881, being an Act respecting the Canadian Pacific Railway Company."

To which the hon. gentleman by his amendment desires to add this:

"—Provided that the foregoing shall not prejudice the right of the Parliament of Canada, by expropriation or otherwise, to obtain the relinquishment by the said Company of the Company's rights under section 16 of the contract aforesaid."

A more absolutely irrelevant proviso could not be imagined. It is utterly absurd. The words in section 28 do not in the slightest degree affect the power of the Parliament of Canada to deal with that question, and there is not a lawyer in the House who would venture for one moment to stake his professional reputation upon the contrary assertion.

The Parliament of Canada is giving notice to the new provinces of the contract entered into by the Crown with the C. P. R. It is not withdrawing anything from its own power. It is dealing with the powers of the provincial legislature. It does not purport, in any word or syllable of this section, to be taking away anything from its own power, and it will have, if this section be passed, exactly the same power to do that mentioned in this proviso as it had before the section passed. Therefore, I propose to vote against the amendment. I shall vote against it because it has not any effect or meaning, and I cannot see that it adds anything to, or takes anything from the meaning of the section, as now proposed, in the slightest degree.

The Amendment was Negatived

Third Reading Saskatchewan Bill

The various Opposition amendments to the Alberta Bill were then proceeded with and voted on, and the Bill finally got its third reading, after which the Premier moved the same process with the Saskatchewan Bill.

Mr. SCOTT arose again, and said in part:

"Mr. Speaker, before this motion passes I would like to ask the House to allow me to occupy a few minutes further on the subject of the Canadian Pacific Railway exemption. I have no hope, after the reception that was given to the amendment I moved this afternoon, that I shall succeed with a similar amendment moved to the Saskatchewan Bill, but I feel that I would not be doing my duty to the proposed province in which I live, and to the electors in that proposed province whom I have the honor to represent, if I did not utter on this motion a further word of protest with regard to this feature of the measure; and I do this Opposition. In the face of the fact notwithstanding that I am probably bringing again upon myself the severe disapprobation of the hon. leader of the fact that hon. gentleman has for three or four months been responsible for a waste of the time of this Parliament, and responsible for a great deal of disturbance throughout Canada upon these autonomy measures, he rises to censure a representative from the Territories who has the hardihood to ask the House to listen for thirty or forty minutes to a protest with regard to a particular limitation on the autonomy proposed to be given to the people of these two provinces, which is a very serious matter in comparison with the relatively trifling matter that he is responsible for causing to be discussed at such great length and disturbing the country to such an extent. The hon. leader of the Opposition said that the words I used in my amendment were

meaningless—that the power of expropriation was inherently in this Parliament, and that, therefore, it was meaningless to put in this Act words giving notice to the people of these provinces and to the C. P. R. Co. that this Parliament intends to exercise its inherent powers of expropriation if it were not able by some other means to obtain the relinquishment of these exemptions. Does he think when he speaks before the people of this country and before the members of this House that he is speaking to children? Let him go to the head of the Canadian Pacific Railway or to the head of the Canadian Northern Railway and ask these gentlemen if they think these words specifying the intention of Parliament to exercise its inherent power of expropriation do not mean anything. A couple of years ago we granted certain rights to the Canadian Northern Railway, and it was proposed at that time that it should be specified in the Bill that Parliament retained the right to expropriate. I can tell him that Mr. William Mackenzie, the president of the C. N. R., did not think these words meaningless, because he opposed the proposition strenuously, and whenever the same proposition has been made with regard to a railway being chartered, it has been opposed by the promoters of the charter. It is not so long ago that discussion took place in this House that the Bill should specify that under such and such conditions Parliament would expropriate the undertaking. Am I stating the fact correctly? I put that squarely to the leader of the Opposition. Silence, I suppose, gives consent; but we may as well have the actual proof. On May 26, 1904, he summarised certain resolutions which he had in previous months presented to this House with regard to the Grand Trunk Pacific proposition. Some of these amendments, I suppose, were not entirely meaningless, but so many were presented that I venture to say that no

single person in the whole of Canada can tell at this moment whether the leader of the Opposition faced north, south, east or west on the Grand Trunk Pacific question. Here is what the hon. gentleman said on May 26, 1904, as found on page 3558 of "Hansard:"

After giving the quotations Mr. Scott proceeded:

"By the vehicle of these words of his own I hand back to the leader of the Opposition all the criticism and sarcasm which he applied to the proposition I took the responsibility of presenting to the House this afternoon. . . . He declares that the amendment I moved this afternoon is meaningless. It is no more so than is section 23 itself. Does the hon. gentleman say that section 23 in this Bill has any meaning; that the Bill will have any different effect whether section 23 is retained or is left out of the Bill? That is a fair question. Will the taxing powers of the province be the same if section 23 were not in the Bill as it will be with the section in the Bill? My hon. friend is not prepared to answer that question.

An hon. MEMBER—NO!

Mr. SCOTT.—Evidently not. Well, in my own opinion, section 23 in these Bills means absolutely nothing—or at all events, very little. But I say that if section 23 is put into the Bill, then it is fair, it is right, it is imperative that further notice be put in the Bill that Parliament intends, as the Prime Minister says, to negotiate the surrender of these exemption rights from the company—that further notice be put in the Bill, so that the provinces, the people of Canada, and the railway company will understand that Parliament at some future day will take away these rights by expropriation or by negotiation. But as I have had no success with the amendment which I moved to the Alberta Bill, it is useless to repeat that proposal. I beg with regard to this Saskatchewan Bill to move:

"That all the words after 'now' be struck out and the following inserted:

"That the Bill (No. 70) be re-committed to Committee of the Whole House with instructions to expunge section 23 thereof."

Mr. HENDERSON (Conservative), said: I only desire to say that I have

no sympathy with any motion in this House that has for its purpose the violation of a solemn compact made many years ago by the Parliament of Canada. Therefore I cannot recognise in any form the motion that has been moved by Mr. Scott. I do not believe for a moment that this Parliament will stultify itself by accepting the amendment the hon. gentleman has presented and so violating a sacred contract made many years ago.

Mr. GALLHER (Liberal) pointed out that there could be no violation of contract for Parliament to leave the C. P. R. Co. to profit by whatever privilege the contract gave them. If section 23 was not confirming and strengthening those privileges, then it was useless and meaningless; and if it was strengthening the position of the Company, then Parliament, by the clause was doing what it was not called open to do.

Mr. BORDEN directly opposed the suggestion to strike out the clause. He said in part:

Mr. BORDEN.—If the motion means to disregard a contract into which the Government of this country entered in 1881, it means something, but it means something with which I certainly cannot agree.

Mr. SCOTT.—In the hon. gentleman's opinion, does section 23 mean anything? Does it change the situation?

Mr. R. L. BORDEN.—It is a notice to the provinces of this contract, it has at least that operation; and it is proper that at least the provinces should be notified of a contract into which the Crown has entered, and in respect of which the action of the Crown has been ratified by Parliament.

Mr. SCOTT.—Is there or is there not a possibility that by leaving out section 23 the provinces might be free to tax?

Mr. R. L. BORDEN.—That the provinces might be free to tax—I would not think that would improve the situation at all, because even if by inadvertence a provision of that kind were left out of the constitution and an attempt were made to expropriate without compensation that which was a vested right in either the Canadian Pacific Railway or any other corporation, surely the hon. gentleman knows that over and over again the executive of Canada has been called upon to dis-

allow provincial legislation in cases of that kind.

Mr. GALLIHER.—Would not the question whether that was a vested right or not depend upon the question whether Parliament in 1881 had power to legislate beyond the time when these Territories were formed into provinces?

Mr. R. L. BORDEN—The Parliament of Canada at that time was the only Parliament that had power to enact this legislation.

Mr. GEO. TAYLOR (Conservative Whip), defended the exemption feature of the C.P.R. contract, and proceeded: "There are many of us in the House to-day who know that the Hon. G. W. Ross, whom the hon. gentleman quoted

against the C.P.R., was man enough to get up and say in recent years that he had opposed the C.P.R. at every stage, but he regretted he had ever done so, and he withdrew every statement he had ever made against it. It is not so with the other Liberals who opposed the construction of the C.P.R. and who now try to get credit for building it and making that western country what it is. Why, the hon. gentleman (Mr. Scott) would have no country were it not for the policy of the Conservative party in 1881."

The House divided. Those voting for Mr. Scott's amendment were:—Adamson, Cash, Galliher, Herron, Lake, Lamont, Schaffner, Scott, Staples, Talbot, Turriff.

The above is further evidence of the alliance existing between the C.P.R. and the Conservative Party of which Mr. Haultain is a member. Mr. Haultain gave no aid to Mr. Scott in the fight against C.P.R. tax exemptions, but Sir Wilfred Laurier said that he recognised that these exemptions were an intolerable burden and would have to be abrogated.

The Liberal Government at Ottawa is pledged to bring about the abolition of the exemptions. The Liberal Party in Saskatchewan is pledged to press for the carrying out of this promise. All that Mr. Haultain asks is for the shifting of the burden so as to leave the C.P.R. Co. forever in enjoyment of the unjust privilege.